

INVITATION AND INSTRUCTIONS TO PROPOSERS

CITY OF SOMERVILLE AFFORDABLE HOUSING TRUST FUND RENTER REVOLVING LOAN PILOT PROGRAM

INTRODUCTION

The City of Somerville Affordable Housing Trust Fund (SAHTF) is soliciting Proposals to operate and administer a two-year pilot program for a Renter Revolving Loan Fund in the amount of \$23,000 per year, for a total of \$46,000, of which 10% per year shall be allocated to administrative fees. The contract term will be from July 1, 2006 through June 30, 2008.

The purpose of this Request for Proposal (RFP) is to

- 1) Identify an agency/entity to administer and operate a program that will provide rental assistance to qualified applicants in the form of a 0% interest, unsecured loan that may be used for rent, security deposit, or rental arrears. The contract will be for two years with a possibility for extension at the discretion of the SAHTF.

This RFP is intended to provide a common and uniform set of instructions to guide Proposers through the proposal process.

BACKGROUND

The Somerville Affordable Housing Trust Fund (SAHTF) was created in 1989, by a city ordinance, and its first programs began in 1991. Its purpose is to preserve and create affordable rental and homeownership units in Somerville and carry out programs to directly assist homeowners and renters. All of its activities must benefit low and moderate-income households (with incomes at or below 110% of area median income).

The Somerville Affordable Housing Trust Fund has had a Renter Revolving Loan Fund since 1992. The program was developed to provide stabilization to low-income households who found themselves in rent arrears and at risk of eviction. The goal of the program is to provide emergency assistance in the form of a repayable loan that would allow applicants to either remain in their apartments or obtain appropriate housing. **The money supplied through this program is provided to resolve an immediate housing problem, rather than postpone it.**

PROGRAM REQUIREMENTS

The SAHTF has developed several basic guidelines for the RRLF Program. Proposers must take into account these requirements when creating a program. The requirements are as follows.

- 1) Eligible applicants must have incomes less than or equal to 80% of Area Median Income. See Appendix A for Income Guidelines.
- 2) Eligible Uses of Funds include Past Due Rent, Security Deposits, or First and Last Month's rent. No funds may be used for other purposes.
- 3) Applicants may receive up to \$1,500 for the above stated uses, but the loan amount shall in no case exceed the amount needed to cover the eligible uses.

- 4) Funds will be distributed as a 0% Interest, monthly payment, amortizing loan. Borrowers will be expected to repay the full amount of the loan and must be able to do so to receive funds.

SCOPE OF SERVICES

The contracted agency/entity will be responsible for operating the Renter Revolving Loan Fund (RRLF), which includes the following components. Proposers may suggest alternative methodologies if they believe such methodologies would be more appropriate.

1. Conduct Outreach to Potential Eligible Borrowers/Renters
2. Certify Income Eligibility and Determine Applicant's Ability to Repay. All applicants for RRLF must have a household income less than or equal to 80% of Area Median Income. In addition, the operating agency must devise a system to determine whether an applicant will be able to repay the loan.
3. Write Loans to Qualified Applicants. The operating agency will originate and write the loans for eligible applicants, including the payment schedule. . NOTE: The City of Somerville Housing Division will receive monthly loan repayments, not the operating agency.
4. Prepare Requisitions for Funds. The City of Somerville administers the Trust's finances. The operating agency will submit a requisition for reimbursement from the Trust either on a monthly or per loan basis.
5. Create and Maintain a Data System to Evaluate Stabilization. The operating agency will develop a system to track stabilization of borrowers, i.e. how long they remain in their unit, how much of their income they are paying towards rent, etc. The operating agency will submit stabilization data reports to the SAHTF at six-month intervals.
6. Follow-up with Borrowers in the Event of Non-Payment of the Loan. The RRLF loans are unsecured. The City of Somerville will send out monthly reports to borrowers regarding the status of their loan, including whether they are behind in payments. The City of Somerville will also provide reports to the operating agency at regular intervals with the names of borrowers who are late in their payments. The operating agency and the City of Somerville will work together to contact these borrowers to ensure they make payments or to reconfigure their payment schedule.
7. Submit Progress Reports. The operating agency will be expected to report to the Trust at regular intervals on stabilization data as well as demographic data on borrowers, such as income, race, ethnicity, household size, # of children, sex, use of funds, and prior living situation.

CONTRACT TERM

This contract will be for a Two (2) Year Pilot Program with the possibility of contract renewal at the end of the two-year term. . The City and the SAHTF also reserve the right to discontinue the contract after the first year if unsatisfied with the progress and performance of the operating agency. The contract dates will be July 1, 2006 – June 30, 2008.

PROPOSAL REQUIREMENTS

Governing Law

This procurement is subject to M.G.L. Chapter 30B, § 6.

Proposal Format and Deadline

Three (3) copies of the Proposal and one (1) unbound “original”, from which additional black and white copies can be made, must be submitted in a sealed envelope, marked “Proposal for Renter Revolving Loan Fund”, to SAHTF, c/o Philip Ercolini, City Hall Annex, 50 Evergreen Avenue, Somerville, MA 02145 by 11:00 a.m. on Friday, June 16, 2006. No faxed or electronically mailed (e-mailed) proposals will be accepted.

REQUIRED SUBMISSIONS

A. Contact Information

Including Agency Name, Principal Contact Name and Position, Phone Number, Fax Number and Email Address.

B. Transmittal Letter

The Proposal shall include a one-page letter of transmittal signed by the principal(s) of the Proposer and addressed to: Mr. Philip Ercolini, Director of Housing, at the above address.

C. Methodology

The Proposal shall include a detailed description of the proposed methodology for conducting the Renter Revolving Loan Fund given the Program Requirement and Scope of Services described above and a detailed description of how the Proposer meets the evaluation criteria described below. Please ensure that you include how you intend to:

- 1) Determine Applicant’s Income Eligibility
- 2) Determine the Loan Amount for Each Applicant
- 3) Determine the Loan Repayment Schedules
- 4) Encourage and Inform Potential Borrowers of additional resources and services that they can access, i.e. FEMA, RAFT, mediation services, IDAs, etc. The goal of this is to allow the RRLF monies to be stretched as far as possible and to ensure stabilization and repayment
- 5) Track Stabilization
- 6) Follow-up with Borrowers who fall behind in their payments

D. Composition of Team/Professional Qualifications

The Proposal must include a) agency background and mission b) agency qualifications for the administration of the RRLF program c) proposed staffing and qualifications of staff.

E. References

The Proposal shall include three references attesting to the agency's background and ability to administer a program of this scope. Please include a name and contact phone number for all references.

SELECTION PROCESS

The SAHTF shall evaluate all Proposals in accordance with the procedure set forth in M.G.L. c. 30B, § 6. The Trust reserves the right to require a personal interview at which all team members should be present.

EVALUATION CRITERIA

The following criteria will be considered in evaluating Proposals:

- Whether the Proposal includes the following basic elements:
 - Methodology for administering the Rental Revolving Loan Fund.
 - A clear plan for developing a stabilization data collection system.
 - A follow up plan for delinquent loans.
- Experience
 - Whether the Proposer has successfully administered a similar program.
- Somerville/Non-Profit Preference
 - Whether the proposing agency/entity is a Somerville business
 - Whether the proposing agency/entity is a non-profit
- References
 - Whether the Proposer's references suggest that the Proposer will perform in a timely, competent, and professional manner and can work collaboratively with the SAHTF.

RESERVATION OF RIGHTS

The SAHTF reserves the right to extend the deadline for submission of Proposals and/or request supplementary information prior to the deadline for submission, to waive minor informalities, and/or to reject all Proposals if in the best interests of the SAHTF. . The City and the SAHTF also reserve the right to discontinue the contract after the first year if unsatisfied with the progress and performance of the operating agency.

ADDITIONAL INFORMATION

For additional information, please contact Dana LeWinter at the above address or by telephone at (617) 625-6600, x. 2564, by fax at (617) 666-8035 or by e-mail at dlewinter@ci.somerville.ma.us.